

The Impact of Work Supports

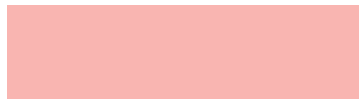
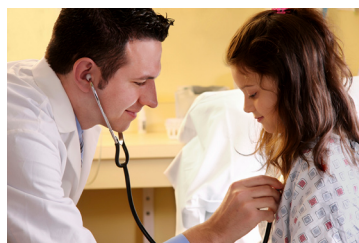
The Self-Sufficiency Standard for Illinois 2009

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September 2009

Prepared for the Social IMPACT Research Center



ACKNOWLEDGEMENTS

The Self-Sufficiency Standard was originally developed by Dr. Diana Pearce, while serving as Director of the Women and Poverty Project at Wider Opportunities for Women (WOW). The Ford Foundation provided funding for the Standard's original development.

The 2009 Illinois Self-Sufficiency Standard has been prepared through the cooperative efforts of Michelle Desmond, Liesl Eckert, Karen Granberg, Sarah Lowry, Lisa Manzer, and Agnes Oswaha at the University of Washington, Center for Women's Welfare and Amy Terpstra and Amy Rynell of the Social IMPACT Research Center.

The 2009 Standard is the third edition of the Illinois Self-Sufficiency Standard. The first version was published in 1998 and the second in 2001. This appendix and county-specific information for 152 family types is available online at www.selfsufficiencystandard.org/pubs.html and www.heartlandalliance.org/research

The conclusions and opinions contained in this document do not necessarily reflect the opinions of those listed above. Any mistakes are the author's responsibility.

Modeling the Impact of Work Supports

INTRODUCTION

This document models the impact that work supports have on family income and expenses in two different ways. Both model a family with one parent and two children (a preschooler and a schoolage child) on the south side of Chicago (Cook County), Illinois. The document begins with a description of the work supports and child support that are modeled, followed by an explanation of how and why the taxes and tax credits are treated differently in this document than in the Self-Sufficiency Standard itself. The first modeling section of this document shows the impact of work supports on monthly costs. The second modeling section in this document shows the impact of work supports on wage adequacy. The following tables and figure are included in this document:

- Table 1 provides a summary of the work supports, child support, and tax credits modeled
- Table 2 shows the impact of the addition of child support and various work supports (child care, food assistance, and so forth) on monthly costs and how it changes the Self-Sufficiency Wage needed
- Figure 1 shows the impact of work supports in various combinations on the adequacy of various wages (Appendix A shows the impact of work supports at several wage levels in table form)

A second document, the *Methodology Appendix, The Self-Sufficiency Standard for Illinois 2009*, outlines the assumptions used for calculating the 2009 Illinois Self-Sufficiency Standard, including taxes and tax credits.

WORK SUPPORTS AND CHILD SUPPORT

While the Self-Sufficiency Standard provides the amount of income that meets a family's basic needs without public or private assistance, many families cannot achieve self-sufficiency immediately. "Work supports" can help working families achieve stability without needing to choose between basic needs, such as scrimping on nutrition, living in overcrowded or substandard housing, or leaving children in unsafe and/or non-stimulating environments. Work supports can also offer stability to

help a family retain employment, a necessary condition for improving wages.

The work supports modeled in this document include:

- child care assistance
- health care (Medicaid and Illinois' Children's Health Insurance Program—All Kids)
- the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program)
- Women, Infants and Children (WIC) programs
- housing assistance (including Section 8 vouchers and public housing)

Child support, although not a work support per se, can assist a family in meeting basic needs and so is also modeled in Table 1. Work supports can be a valuable addition to some family budgets, substantially reducing expenses for some basic needs and therefore freeing income for families to use on other needs.

TREATMENT OF TAX CREDITS IN THE MODELING TABLE AND FIGURE

The Standard shows all tax credits, both refundable and nonrefundable, as if they are received monthly. However, for the work supports modeled in Table 2 (Columns 2–6) and Figure 1 (as well as Appendix A), the refundable federal Earned Income Tax Credit (EITC), the "additional" refundable portion of the Child Tax Credit (CTC), and the Making Work Pay Tax Credit (MWPTC) are shown as received annually. However, the Child Care Tax Credit (CCTC) is nonrefundable, meaning it can only be used to reduce federal taxes and does not contribute to a tax refund. Therefore it is shown as a monthly credit against federal taxes in the Self-Sufficiency Standard as well as in the modeling columns of Table 2.

The tax credits are calculated annually in this document in order to be as realistic as possible. Although by law a family can receive part of their EITC on a monthly basis (called Advance EITC), many workers prefer to receive it annually as a lump sum. In fact, nearly all families receive the federal EITC as a single payment the

Table 1. Summary of Illinois Work Supports, Child Support, and Tax Credits

WORK SUPPORT PROGRAM	BENEFIT	INCOME ELIGIBILITY
CHILD CARE ASSISTANCE	Child care costs reduced to a monthly co-payment which varies depending on adjusted gross income, family size, and number of children receiving child care	Up to 200% FPL
HOUSING ASSISTANCE (SECTION 8 HOUSING VOUCHERS AND PUBLIC HOUSING)	Housing costs set at 30% of monthly adjusted gross income	80% of area median income (Due to limited funding most new program participants must have income below 30% of area median income)
MEDICAID (CHILDREN'S MEDICAID IS ADMINISTERED THROUGH ALL KIDS)	Fully subsidized health care benefits	Adults receiving General Assistance Families receiving TANF benefits and up to 12 months after transitioning from TANF to earned income Children in families with income up to 150% FPL Pregnant women with income up to 185% of FPL
CHILDREN'S HEALTH INSURANCE PROGRAM (ADMINISTERED THROUGH ALL KIDS)	Subsidized health care benefits for children under the age of 18 living in Illinois. Monthly premiums and co-payments vary depending on income level and family size	No income limit
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP, FORMERLY FOOD STAMP PROGRAM)	Maximum benefit amounts vary depending on the number of people in a household: Maximum benefit for a family of 3: \$526 per month Maximum benefit for a family of 4: \$668 per month	Eligibility up to 130% FPL
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)	Average monthly benefit of \$43.60 in Illinois to purchase supplemental nutritious foods Breastfeeding education and support Nutrition and health education	Pregnant and postpartum women or parenting adults with children up to age 5 who are at or below 185% of FPL
CHILD SUPPORT	Average payment of \$232 per month in Illinois from non-custodial parent	No income limit
TAX CREDITS	BENEFIT	INCOME ELIGIBILITY
FEDERAL EARNED INCOME TAX CREDIT (EITC)	Maximum benefit for families with 1 child: \$3,043 per year Maximum benefit for families with 2 children: \$5,028 per year Maximum benefit for families with 3 or more children: \$5,657 per year	1 parent family with 1 child: up to \$35,463 per year 1 parent family with 2 children: up to \$40,295 1 parent family with 3 or more children: up to \$40,924
STATE EITC	5% of the Federal EITC in Illinois	Same as Federal EITC
FEDERAL CHILD TAX CREDIT (CTC)	Up to \$1,000 annual tax credit per child	Married Filing Jointly: up to \$110,000 Married Filing Separately: up to \$55,000 All others: up to \$75,000
FEDERAL CHILD AND DEPENDENT CARE TAX CREDIT (CCTC)	\$3,000-\$6,000 annual tax deduction	No income limit
MAKING WORK PAY TAX CREDIT	Maximum benefit for single adults: \$400 per year Maximum benefit for married couples: \$800 per year	Single Adults: \$75,000 per year Married Couples: \$150,000 per year

* The 2009 Federal Poverty Level (FPL) for a family of three is \$18,310 (annual income)

following year when they file their tax returns.¹ Many families prefer to use the EITC as “forced savings” to pay for larger items that are important family needs, such as paying the security deposit for housing, buying a car, or settling debts.² Therefore, in Columns 2-6 of Table 2, the total amount of the refundable federal EITC the family would receive annually (when they file their taxes) is shown in the first shaded line at the bottom of the table instead of being shown monthly as in the Self-Sufficiency Standard column. This is based on the assumption that

the adult works at this same wage, full-time, for the year. The Illinois state EITC, which is 5% of the federal amount, is shown in the second shaded line at the bottom of Table 2.

Like the EITC, the federal CTC and the MWPTC are shown as received monthly in the Self-Sufficiency Standard. However, for the modeled work support columns in Table 2, these tax credits are split into two amounts. The portions that can be used to offset any

remaining federal taxes owed (after the CCTC) are shown monthly, while the “additional” refundable portions of these credits are shown as lump sums received annually in the third and fourth shaded lines at the bottom of Table 2. Note that unlike the EITC one cannot legally receive the “additional” refundable portion of the Child Tax Credit on a monthly basis.

Changes to taxes and tax credits as a result of the 2009 American Recovery and Reinvestment Act (ARRA) are incorporated into the calculations of the 2009 Illinois Self-Sufficiency Standard and are included in the tables and figures in this document. While these changes are “temporary” for the 2009 and 2010 tax years, they have been incorporated into the regular tax withholding tables (as opposed to tax rebates which are one-time payments, and are not incorporated into tax withholding tables). Therefore, changes to taxes and tax credits as a result of ARRA are in effect for at least two years, and are proposed to continue beyond the next two tax years in President Obama’s 2010 budget.³

MODELING THE IMPACT OF WORK SUPPORTS ON MONTHLY COSTS

In Table 2, the impact of adding work supports and child support is modeled for families with one adult, one preschooler, and one schoolage child living on the south side of Chicago. Costs that have been reduced by these supports are indicated with bold font and are shaded in the table. Work supports can bring families closer to self-sufficiency by lowering the amount needed to meet some basic needs. When families are receiving a combination of work supports, as in Columns 4-6, the overall impact on self-sufficiency can be greater because as one work support lowers the income needed to be self-sufficient the family may become eligible for a larger amount of assistance from another work support.

The Self-Sufficiency Standard (Column 1): The first column of Table 2 shows the Self-Sufficiency Standard without any work (or other) supports to reduce costs (except tax credits where applicable) for families with one adult, one preschooler, and one schoolage child living on the south side of Chicago. This family type has monthly child care expenses of \$1,393 and monthly housing costs of \$879. The adult in this family must earn a Self-

Sufficiency Wage of \$4,228 per month or \$24.03 per hour working full-time to make ends meet.

Child Support (Column 2): In Column 2, child support is modeled. The child support payment of \$232 per month is the average amount received by families participating in the Child Support Enforcement Program in Illinois.⁴ Child support payments from absent, non-custodial parents can be a valuable addition to some family budgets, even in cases where the non-custodial parent’s income is relatively low. Unlike additional earned income, child support is not taxable and it can reduce the amount families need to earn both directly and indirectly through reduced taxes, thus having a strong impact on helping families meet their needs. Overall, with child support the wage needed to meet basic needs is reduced to \$3,930 per month (\$22.33 per hour).

Child Care and Child Support (Column 3): In Column 3, the first work support—child care—is modeled along with child support. Since child care is one of the major expenses for families with children, the addition of a child care subsidy generally provides the greatest financial relief of any one work support. Families with incomes at or below 200% of the Federal Poverty Level (FPL) are eligible for Illinois’ Child Care Assistance Program.⁵ Child care assistance reduces child care costs substantially from \$1,393 to a co-payment of \$407 per month. The addition of child care assistance reduces the Self-Sufficiency Wage for this family type on the south side of Chicago to \$2,828 per month (\$16.07 per hour).

Child Care, SNAP, WIC, Medicaid, and Child Support (Column 4): For adults moving from welfare to work, child care, the Supplemental Nutrition Assistance Program (SNAP), the Women, Infants and Children (WIC) Program, and Medicaid comprise the typical “package” of benefits. Column 4 adds Medicaid, SNAP, and WIC to the child care assistance and child support modeled in Column 3. Families that enter the workforce from TANF are usually eligible for continued coverage by Medicaid for themselves and their children for up to 12 months through the Transitional Medicaid program.⁶ In Column 4 it is assumed that Medicaid will cover all of the family’s health care expenses, reducing health care costs from \$445 per month to zero.

Table 2.

Impact of the Addition of Child Support and Work Supports on Monthly Costs and Self-Sufficiency Wage
One Adult with One Preschooler and One Schoolage Child
 South Side of Chicago (Cook County), IL 2009

MONTHLY COSTS:	#1	CHILD SUPPORT AND WORK SUPPORTS				
	SELF-SUFFICIENCY STANDARD	#2	#3	#4	#5	#6
		Child Support	Child Care & Child Support	SNAP/WIC*, Medicaid, Child Care, & Child Support	[SNAP]/WIC*, All Kids**, Child Care, & Child Support	Housing, SNAP/ WIC*, All Kids**, Child Care, & Child Support
Housing	\$879	\$879	\$879	\$879	\$879	\$330
Child Care	\$1,393	\$1,393	\$407	\$148	\$321	\$69
Food	\$558	\$558	\$558	\$165	\$515	\$188
Transportation	\$86	\$86	\$86	\$86	\$86	\$86
Health Care	\$445	\$445	\$445	\$0	\$192	\$167
Miscellaneous	\$336	\$344	\$344	\$344	\$344	\$344
Taxes	\$831	\$755	\$474	\$198	\$372	\$147
Earned Income Tax Credit	\$0	***	***	***	***	***
Child Care Tax Credit (-)	(\$100)	(\$100)	(\$102)	\$0	(\$79)	\$0
Child Tax Credit (-)	(\$167)	(\$167)	(\$31)	\$0	\$0	\$0
Making Work Pay Credit (-)	(\$33)	(\$32)	\$0	\$0	\$0	\$0
Child Support (-)		(\$232)	(\$232)	(\$232)	(\$232)	(\$232)
SELF-SUFFICIENCY WAGE:						
Hourly	\$24.03	\$22.33	\$16.07	\$9.02	\$13.62	\$6.24
Monthly	\$4,228	\$3,930	\$2,828	\$1,588	\$2,397	\$1,099
Annual	\$50,741	\$47,157	\$33,934	\$19,053	\$28,760	\$13,182
Total Federal EITC (annual refundable)***		\$0	\$1,340	\$4,474	\$2,429	\$5,028
Total State EITC (annual refundable)***		\$0	\$67	\$224	\$121	\$251
Total Federal CTC (annual refundable)***		\$0	\$1,623	\$2,000	\$2,000	\$1,527
Total Making Work Pay TC (annual refundable)***		\$19	\$400	\$400	\$400	\$400

Note: A work Support in brackets [] indicates that we attempted to model the work support; however, the family's income was too high to qualify for the work support.

* WIC is the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) in Illinois. SNAP is the Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program.

** All Kids is Illinois' State Children's Health Insurance Program.

*** See discussion about the treatment of refundable tax credits in the text.

The SNAP and WIC programs, administered by individual states, provide crucial support to low-income households. SNAP is available for families with incomes up to 130% of the FPL, and Illinois' WIC program helps pay for specific nutrient-rich foods and nutrition counseling for pregnant or postpartum women, infants, and children up to age five if their income falls at or below 185% of the FPL.⁷ In Column 4 the family qualifies for both SNAP and WIC benefits, reducing food costs from \$558 to \$165 per month. The reduced health care and food costs greatly decrease the wage needed to meet

basic needs, further reducing the child care assistance co-payment to \$148 per month in Column 4. Together, child care assistance, SNAP, WIC, Medicaid, and child support lower the wage required to meet basic needs to \$1,588 per month (\$9.02 per hour).

Child Care, SNAP, WIC, All Kids (Illinois' Children's Health Insurance Program), and Child Support (Column 5): After one year, families making the transition from welfare to work lose Medicaid coverage for the entire family. However, many working families

have the option of covering their children's health care needs through All Kids (Illinois' CHIP and Children's Medicaid Program), when their employer does not offer family coverage and the family does not qualify for Medicaid. In Illinois, all uninsured children are eligible for All Kids.⁸ Likewise, adults in Illinois who are living with their children may be eligible for FamilyCare, which offers health care coverage for adults caring for children.⁹ Column 5 shows the same work support package as Column 4, except that instead of Medicaid for the whole family, All Kids has been substituted for the children and the cost of coverage for the adult's health care has been added (assuming the adult has employer-sponsored health coverage for themselves). All Kids monthly premiums vary by monthly income and family size. Three-person families with monthly incomes below 150% of the FPL have no monthly premium.¹⁰ Under these circumstances, in Column 5 the adult in this family type would pay only for the cost of her own health care, which is her share of the health insurance premium available through her employer and her out-of-pocket costs, plus the monthly premium for All Kids. As a result, the cost of health care increases to \$192 per month to cover the adult's costs plus a \$25 premium for All Kids at this income level.

The family qualifies for WIC in Column 5, however they are no longer eligible for SNAP, so the cost of food increases to \$515 per month. With higher food and health care costs, the child care assistance co-payment increases to \$321 per month. The family now needs to earn \$2,397 per month (\$13.62 per hour) to meet their basic needs.

Housing, Child Care, SNAP, WIC, All Kids, and Child Support (Column 6): In the final column, housing assistance is added to the work support package modeled in Column 5. Housing assistance generally reduces the cost of housing to 30% of income. In this case, housing assistance reduces housing costs from \$879 to \$330 per month. With reduced housing costs, the cost of health care drops to \$167 per month, the cost of health coverage for the adult. The family qualifies again for both WIC and SNAP benefits, reducing food costs to \$188 per month. The child care assistance co-payment decreases to \$69 per month. With the full benefit package, the single parent with one preschooler and one schoolage child

on the south side of Chicago needs to earn \$1,099 per month (\$6.24 per hour) to meet her family's basic needs. Additionally, at this wage level, this family type is eligible for more than \$7,000 in annual refundable tax credits (EITC, state EITC, CCTC, CTC, and the MWPTC) if the adult worked at this wage throughout the year. Note that this wage is less than Illinois' minimum wage and very few workers would actually be earning a wage lower than the minimum wage of the state.

MODELING THE IMPACT OF WORK SUPPORTS ON WAGE ADEQUACY

While Table 2 shows how child support and work supports reduce the wage needed to make ends meet, Figure 1 starts with various wages and asks "How adequate are these wages in meeting a family's needs, with and without various combinations of work supports?" In Figure 1 "wage adequacy" is defined as the degree to which a given wage is adequate to meet basic needs, taking into account various work supports—or lack thereof. *If wage adequacy is at or above 100%, the wage is enough or more than enough to meet 100% of the family's basic needs.*

To model wage adequacy, Figure 1 uses the south side of Chicago and the same family type (one adult with one preschooler and one schoolage child) as Table 2. As in Table 2, it is assumed that the refundable federal and state EITC and the additional refundable portion of the CTC and MWPTC are received annually. Therefore, these credits are not included in Figure 1 as available to increase wage adequacy.

Figure 1 models wage adequacy as hourly wages increase, with each line representing a different work support package. The 100% wage adequacy benchmark shown in the chart is the equivalent (with the help of work supports) of receiving wages at the level of the Self-Sufficiency Standard for one adult, one preschooler, and one schoolage child on the south side of Chicago. The dashed line (the lowest modeled line) on the graph provides a "baseline," and demonstrates the adequacy of wage levels when there are no "work supports" (wages only). As work supports are added, this raises the line, and the level, of adequacy of a given wage. The second line (just above the dotted line) models the impact of

SNAP and WIC alone on wage adequacy. The third line models the impact of child care assistance alone on wage adequacy. The fourth line models the impact of child care, SNAP, WIC, and All Kids (Illinois' CHIP and Children's Medicaid). In the fifth line (the highest line on the graph) housing assistance is added to the supports modeled in the fourth line and models the wage adequacy of the full work support package. In addition, four wages are highlighted with vertical shaded bars on Figure 1. The first is the Illinois minimum wage of \$8.00 per hour. The following three wages are median hourly wages of select occupations in the Chicago-Naperville-Joliet metropolitan area: child care workers at \$10.43 per hour, janitors and cleaners (except maids and housekeeping cleaners) at \$11.42 per hour, and customer service representatives at \$16.40 per hour.¹¹ (See Appendix A for the detailed table: *Modeling the Impact of Work Supports on Wage Adequacy* which shows the impact of work supports on costs and the wage adequacy for each of these four wages.) In addition to the four wages modeled, the x-axis in Figure 1 starts at the hourly wage equivalent to the average TANF benefit in Illinois, \$2.25 per hour.¹² A family with an income equal to Illinois' average TANF benefit, without any other income supports, has a wage adequacy of just 11%. With a full package of work supports the average Illinois TANF benefit results in 49% wage adequacy.

No Work Supports (Wages Only): The lowest line (the dashed line) of Figure 1 models the wage adequacy of different wages when the family does not receive work supports. The adult earning the current Illinois minimum wage of \$8.00 per hour has a wage adequacy of 36% without any work supports. In other words, working full-time at the Illinois state minimum wage, without any other support or resources, provides only 36% of the income needed to meet the basic needs of a family with one adult, one preschooler, and one schoolage child on the south side of Chicago. The adult earning \$10.43 per hour, the median wage for child care workers, has a higher wage adequacy of 47% with no work supports. Wage adequacy reaches 51% for adults earning the median wage for janitors and cleaners, \$11.42 per hour. At \$16.40 per hour, the median wage for customer service representatives, wage adequacy reaches 71%. Without work supports, including no tax credits, the adult must

earn \$24.03 per hour to reach 100% wage adequacy. (See Appendix A for a detailed table of the Impact of Work Supports on Wage Adequacy.)

SNAP and WIC: The second lowest line, above the dashed line on Figure 1, demonstrates the impact of food assistance through SNAP and WIC on wage adequacy. For the first two wage levels the family is eligible for both SNAP and WIC, reducing their food expenses to zero and raising the wage adequacy levels slightly. At \$8.00 per hour, wage adequacy increases from 36% with no work supports to 42% with SNAP and WIC. The amount needed to meet basic needs at the minimum wage with the assistance of SNAP and WIC still leaves a \$1,927 monthly shortfall in income (see Appendix A). At \$10.43 per hour, wage adequacy increases from 47% with no work supports to 54%. At \$11.42 per hour, the family is no longer eligible for SNAP, but is eligible for WIC. The WIC payment decreases food costs from \$558 to \$515 per month, and wage adequacy barely increases from just under 51% with no work supports to just over 51% with WIC. At \$16.40 per hour the family is no longer eligible for SNAP or WIC and wage adequacy remains at 71%.

Child Care: When the family receives child care assistance, it reduces their expenses and raises wage adequacy, as shown by the third line of Figure 1. At \$8.00 per hour, the Child Care Assistance Program decreases the monthly cost of child care from \$1,393 to just \$95, increasing wage adequacy from 36% with no work supports to 54% with the child care subsidy. The amount needed to meet basic needs at the minimum wage with child care assistance still leaves a \$1,188 monthly shortfall in income (see Appendix A). At \$10.43 and \$11.42 per hour, the child care assistance co-payment is \$234 per month and wage adequacy increases to 66% and 72%. With a wage of \$16.40 per hour the child care assistance co-payment is \$451 per month, and wage adequacy reaches 93%.

Child Care, SNAP, WIC, and All Kids: The fourth line in Figure 1 models the impact of child care, SNAP, WIC, and All Kids. Receiving help with health care as well as child care and food further increases wage adequacy for this family type on the south side of Chicago. In the fourth line modeled, the cost of children's health care is covered by All Kids. At the minimum wage and

the median wages of child care workers and janitors and cleaners, this family type pays no premium for All Kids, reducing this family's health care costs to \$167 per month, which is the cost to cover health care for the adult. At the lower two wages (\$8.00 and \$10.43 per hour) the family is eligible for both SNAP and WIC benefits, decreasing the cost of food from \$558 per month to \$124 and \$216 per month. At \$8.00 and \$10.43 per hour, the help of child care assistance, SNAP, WIC, and All Kids increases wage adequacy to 75% and 85% respectively; this family type is now able to cover more than three-quarters of their basic needs at these wages. At \$11.42 per hour the family is no longer eligible for SNAP, but is still eligible for WIC, reducing food costs from \$558 to

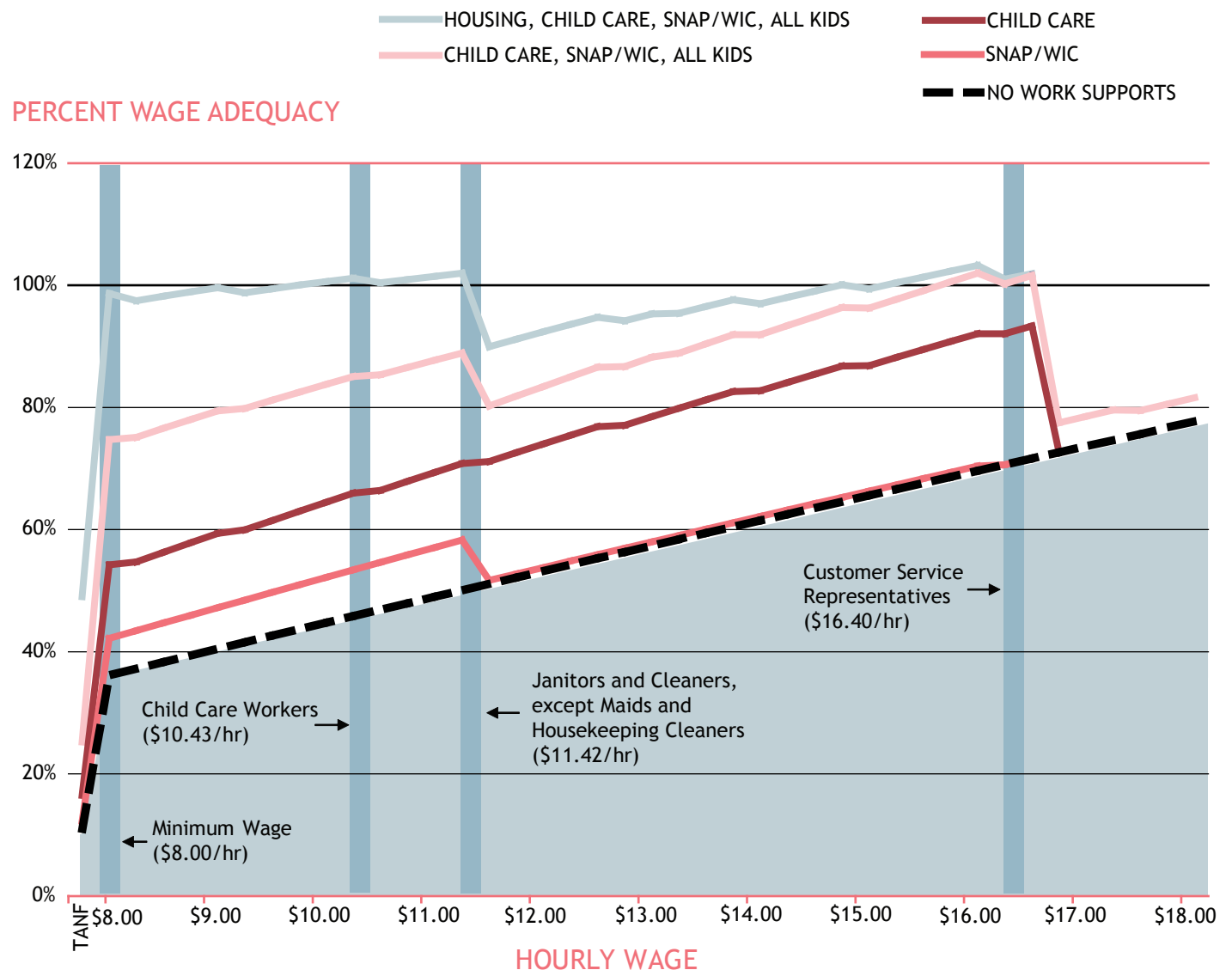
\$515 per month. With child care, WIC, and All Kids, the adult earning \$11.42 per hour is 81% wage adequate. At a wage of \$16.40 per hour, the family is no longer eligible for WIC or SNAP and food costs remain at \$558 per month. At \$16.40 per hour health care costs increase to \$192 per month, the cost to cover the adult and to pay the All Kids premium of \$25 per month. With child care assistance and All Kids, the adult earning the median wage for customer service representatives is over 100% wage adequate.

Housing, Child Care, SNAP, WIC, and All Kids:

With the addition of housing assistance, housing costs are reduced to 30% of the family's income. This

Figure 1. Impact of Work Supports on Wage Adequacy

One Adult with One Preschooler and One Schoolage Child: South Side of Chicago (Cook County), IL 2009



family type on the south side of Chicago is eligible for housing assistance at all four wage levels, reducing the cost of housing from \$879 to \$422, \$551, \$603, and \$866 respectively, per month. The full package of work supports modeled—housing assistance, child care assistance, SNAP, WIC, and All Kids—increases wage adequacy to above 90% for all four wage levels. At \$8.00 per hour, the cost of housing is reduced by almost half (from \$879 to \$422) and the full package of work supports brings wage adequacy to 99%. For families earning the median wage of child care workers, housing assistance is reduced to \$551 per month, bringing wage adequacy to 100% with the full package of work supports. At \$11.42 per hour the cost of housing is \$603 per month, and wage adequacy is 91%. At \$16.40 per hour, wage adequacy has already reached and remains over 100%.

AVAILABILITY AND ACCESSIBILITY OF WORK SUPPORTS

When assisted temporarily with work supports until they are paid Self-Sufficiency Wages, costs of essential items are reduced, and families are able to meet their basic needs as they enter or re-enter the workforce. Thus, work support programs, tax credits, and child support can play a critical role in helping families move towards economic self-sufficiency, bridging the gap between wages and the ability to meet basic needs. However, the various work supports modeled here are not available or accessible to all who need them. Refer to Table 1 for a summary of the benefits and eligibility levels of Illinois work supports.

Child Support: Despite the fact that 57% of all custodial parents in the United States have child support awards, less than half of those awarded child support actually receive the full amount owed to them, while one-fourth of custodial parents awarded child support receive no payment at all.¹³ When families receive payments with the assistance of state department of child support enforcement agencies, the national average amount received is \$255 per family, and in Illinois the average is \$232 per family.¹⁴

Child Care Assistance: Although some states made progress in improving child care assistance policies in 2007-2008, reductions in federal funding have led 17 states to develop wait lists or freeze new intakes for

families seeking child care assistance.¹⁵ In Illinois, only about 76,200 children (in 41,300 families) received Child Care and Development Fund (CCDF) subsidies in fiscal year 2007.¹⁶ This amounts to approximately 10% of Illinois' potentially eligible children receiving child care subsidies in 2007.¹⁷ However, for the most recent year for which data are available (early 2008) Illinois did not have a wait list for its child care subsidy program.¹⁸

SNAP and WIC: Nationally, enrollment in SNAP has increased by 19% since 2004, reaching 28.4 million participants in 2008.¹⁹ Likewise, enrollment in WIC has increased by 10% since 2004, reaching 8.7 million participants in 2008.²⁰ In Illinois, participation in SNAP has increased by 21% and participation in WIC has increased by 7% since 2004.²¹ Despite increasing enrollment in SNAP, the USDA reports that only 67% of eligible individuals participated in the Food Stamp Program in 2006.²²

Bureaucratic barriers, drug felony histories, and immigration status among other issues can limit access to food benefits. For example, a large number of low-income children may not receive food benefits as a result of the citizenship status of their parents. According to the Urban Institute, nearly 30% of children under age six were children of immigrants in 2002.²³ Documented immigrants (except refugees) are excluded from federal benefits for five years after entry into the U.S., and undocumented immigrants are always ineligible for SNAP. Although citizen children of non-citizen parents are eligible for benefits, it is likely that few non-citizen parents apply for federal benefits, either due to perceived risk or lack of knowledge.²⁴

Medicaid and SCHIP: According to the U.S. Census Bureau, 15.3% of Americans lacked health insurance in 2007 compared to 13.7% in 2000; meanwhile, the percentage of uninsured children nationwide has remained relatively steady between 2000 and 2007, reflecting the expansion of CHIP.²⁵ According to the Center on Budget and Policy Priorities, "The main reason that both children and adults have been losing ground in health insurance coverage is the erosion of employer-sponsored insurance."²⁶ Illinois' All Kids program (Medicaid and CHIP) is available to all uninsured children living in the state, regardless of income level or

immigration status. Illinois' All Kids served nearly two million children in 2008 with 356,460 children enrolled in CHIP and 1,625,553 children enrolled in Medicaid.²⁷ According to U.S. Census health insurance data, 5.3% of Illinois' children in families with incomes at or below 200% of the Federal Poverty Level did not have health insurance in 2007.²⁸ Working adults who do not have employer-sponsored health insurance have few health care resources available to them. Medicaid covers only adults with extremely low incomes, generally individuals who are receiving other assistance such as TANF. In Illinois, uninsured parents caring for their children or adults caring for a relative's child may be eligible for FamilyCare health care coverage depending on family size and income level.²⁹

Housing Assistance: Housing assistance is a major support for families, typically reducing housing costs to 30% of the household's income. Families with incomes below 80% of HUD's area median family income are considered low-income and are eligible for federal housing assistance. However, housing subsidies are limited due to funding availability and most new program participants must be families with extremely low incomes (defined by HUD as income below 30% of area median income).³⁰ Nationally, there are over 15 million low-income families with unaffordable housing costs (exceeding 30% of their income), and nearly nine million of these households have severe housing cost burdens (exceeding 50% of their income).³¹ However, less than two million families received federally-assisted housing vouchers in 2007.³² Of those receiving federal housing assistance, 59% are families with children.³³ In Illinois there are 622,000 low-income families with unaffordable housing costs, and 88% of eligible families in Illinois do not receive housing assistance.³⁴ Even with this unmet need, housing assistance programs face declining funds. Nationally, the housing choice voucher program (Section 8) has lost 150,000 housing vouchers since 2004.³⁵

Earned Income Tax Credit: According to the Internal Revenue Service (IRS), approximately one in four eligible taxpayers do not claim the Earned Income Tax Credit nationwide. The IRS states that this is due to "complex eligibility requirements." The IRS has found that language barriers, homelessness, and living in a rural area are some of the barriers that contribute to lower participation rates. Recognizing the importance of increasing awareness of eligibility, the Department of the Treasury, the IRS, and community partners across the U.S. are working to provide more outreach and information to eligible individuals through EITC awareness days.³⁶ While the IRS take-up rate is low for individual taxpayers, the Center for Economic and Policy Research found that in Illinois around 80% of households that are eligible for the EITC actually received it.³⁷

CONCLUSION

Illinois has the potential to support the efforts of low-income households as they seek to become economically self-sufficient. The rising costs of housing, child care, and health care, the lack of education and work skills, welfare time limits, and federal and state restrictions on training and education (as a result of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act) all add to the problems faced by many families and individuals seeking self-sufficiency. This report is meant to contribute towards achieving economic self-sufficiency by showing that work supports help low-wage workers meet basic needs for their family. Meeting basic needs means families are more likely to achieve stability in housing, child care, nutrition, and health care, which subsequently helps bolster their ability to achieve stable employment. Thus, through carefully targeted programs and tax policies, work supports can play an important role in helping Illinois families become self-sufficient.

ENDNOTES

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- ¹⁴ This amount is the average of those who participate in child support enforcement. Note that the average child support figure excludes families on assistance, as any child support collected on their behalf goes directly to the state. Also note that because the monthly child support average excludes those currently receiving TANF, it disproportionately represents those who have received cash assistance. The child support figures in this report were originally compiled in 2004, and have been inflated to the Midwest Region February 2009 CPI to more accurately reflect trends for the last calendar year. U.S. Department of Health and Human Services. Administration for Children and Families. Office of Child Support Enforcement. (FY 2004). *Annual statistical report. (Tables 4, 10, 11, and 52)*. Retrieved November 8, 2007, from http://www.acf.hhs.gov/programs/cse/pubs/2007/reports/annual_report/#40.
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Appendix A. Impact of Work Supports on Wage Adequacy

One Adult with One Preschooler and One Schoolage Child, South Side of Chicago (Cook County), IL 2009

	#1	#2	#3	#4
	ILLINOIS MINIMUM WAGE (July 2009)	MEDIAN HOURLY WAGES OF SELECT CHICAGO-NAPERVILLE-JOLIET METROPOLITAN AREA OCCUPATIONS*		
		Child Care Workers	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	Customer Service Representatives
HOURLY WAGE:	\$8.00	\$10.43	\$11.42	\$16.40
TOTAL MONTHLY INCOME:	\$1,408	\$1,836	\$2,010	\$2,886
PANEL A: NO WORK SUPPORTS				
MONTHLY COSTS:				
Housing	\$879	\$879	\$879	\$879
Child Care	\$1,393	\$1,393	\$1,393	\$1,393
Food	\$558	\$558	\$558	\$558
Transportation	\$86	\$86	\$86	\$86
Health Care	\$445	\$445	\$445	\$445
Miscellaneous	\$344	\$344	\$344	\$344
Taxes	\$188	\$256	\$292	\$487
Tax Credits (-)	**	(\$23)	(\$40)	(\$142)
TOTAL MONTHLY EXPENSES	\$3,894	\$3,939	\$3,958	\$4,051
SHORTFALL (-) OR SURPLUS	(\$2,486)	(\$2,103)	(\$1,948)	(\$1,165)
WAGE ADEQUACY Total Income/Total Expenses	36%	47%	51%	71%
PANEL B: SNAP/WIC				
MONTHLY COSTS:				
Housing	\$879	\$879	\$879	\$879
Child Care	\$1,393	\$1,393	\$1,393	\$1,393
Food	\$0	\$0	\$515	\$558
Transportation	\$86	\$86	\$86	\$86
Health Care	\$445	\$445	\$445	\$445
Miscellaneous	\$344	\$344	\$344	\$344
Taxes	\$188	\$256	\$292	\$487
Tax Credits (-)	**	(\$23)	(\$40)	(\$142)
TOTAL MONTHLY EXPENSES	\$3,335	\$3,381	\$3,914	\$4,051
SHORTFALL (-) OR SURPLUS	(\$1,927)	(\$1,545)	(\$1,904)	(\$1,165)
WAGE ADEQUACY Total Income/Total Expenses	42%	54%	51%	71%
Total Federal EITC (annual refundable)**	\$4,928	\$3,847	\$3,407	\$1,192
Total State EITC (annual refundable)**	\$246	\$192	\$170	\$60
Total Federal CTC (annual refundable)**	\$2,000	\$2,000	\$2,000	\$1,797
Total Making Work Pay TC (annual refundable)**	\$400	\$400	\$400	\$400

* U.S. Department of Labor, Bureau of Labor Statistics. May 2008 metropolitan area occupational employment and wage estimates: Chicago-Naperville-Joliet, IL Metropolitan Division.

Retrieved May 1, 2009, from <http://www.bls.gov/oes/>

** EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit; likewise, only the nonrefundable portion of the Child Tax Credit and the Making Work Pay Tax Credit (which are credited against federal taxes) are shown, if any (see text for explanation).

Appendix A. Impact of Work Supports on Wage Adequacy (Continued)

One Adult with One Preschooler and One Schoolage Child, South Side of Chicago (Cook County), IL 2009

	#1	#2	#3	#4
	ILLINOIS MINIMUM WAGE (July 2009)	MEDIAN HOURLY WAGES OF SELECT CHICAGO-NAPERVILLE-JOLIET METROPOLITAN AREA OCCUPATIONS*		
		Child Care Workers	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	Customer Service Representatives
HOURLY WAGE:	\$8.00	\$10.43	\$11.42	\$16.40
TOTAL MONTHLY INCOME:	\$1,408	\$1,836	\$2,010	\$2,886
PANEL C: CHILD CARE ASSISTANCE				
MONTHLY COSTS:				
Housing	\$879	\$879	\$879	\$879
Child Care	\$95	\$234	\$234	\$451
Food	\$558	\$558	\$558	\$558
Transportation	\$86	\$86	\$86	\$86
Health Care	\$445	\$445	\$445	\$445
Miscellaneous	\$344	\$344	\$344	\$344
Taxes	\$188	\$256	\$292	\$487
Tax Credits (-)	**	(\$23)	(\$40)	(\$142)
TOTAL MONTHLY EXPENSES	\$2,596	\$2,780	\$2,799	\$3,109
SHORTFALL (-) OR SURPLUS	(\$1,188)	(\$944)	(\$789)	(\$222)
WAGE ADEQUACY Total Income/Total Expenses	54%	66%	72%	93%
PANEL D: CHILD CARE ASSISTANCE, SNAP/WIC, ALL KIDS CHIP				
MONTHLY COSTS:				
Housing	\$879	\$879	\$879	\$879
Child Care	\$95	\$234	\$234	\$451
Food	\$124	\$216	\$515	\$558
Transportation	\$86	\$86	\$86	\$86
Health Care	\$167	\$167	\$167	\$192
Miscellaneous	\$344	\$344	\$344	\$344
Taxes	\$188	\$256	\$292	\$487
Tax Credits (-)	**	(\$23)	(\$40)	(\$142)
TOTAL MONTHLY EXPENSES	\$1,884	\$2,159	\$2,477	\$2,855
SHORTFALL (-) OR SURPLUS	(\$476)	(\$324)	(\$467)	\$31
WAGE ADEQUACY Total Income/Total Expenses	75%	85%	81%	101%
Total Federal EITC (annual refundable)**	\$4,928	\$3,847	\$3,407	\$1,192
Total State EITC (annual refundable)**	\$246	\$192	\$170	\$60
Total Federal CTC (annual refundable)**	\$2,000	\$2,000	\$2,000	\$1,797
Total Making Work Pay TC (annual refundable)**	\$400	\$400	\$400	\$400

* U.S. Department of Labor, Bureau of Labor Statistics. May 2008 metropolitan area occupational employment and wage estimates: Chicago-Naperville-Joliet, IL Metropolitan Division. Retrieved May 1, 2009, from <http://www.bls.gov/oes/>

** EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit; likewise, only the nonrefundable portion of the Child Tax Credit and the Making Work Pay Tax Credit (which are credited against federal taxes) are shown, if any (see text for explanation).

Appendix A. Impact of Work Supports on Wage Adequacy (Continued)

One Adult with One Preschooler and One Schoolage Child, South Side of Chicago (Cook County), IL 2009

	#1	#2	#3	#4
	ILLINOIS MINIMUM WAGE (July 2009)	MEDIAN HOURLY WAGES OF SELECT CHICAGO-NAPERVILLE-JOLIET METROPOLITAN AREA OCCUPATIONS*		
		Child Care Workers	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	Customer Service Representatives
HOURLY WAGE:	\$8.00	\$10.43	\$11.42	\$16.40
TOTAL MONTHLY INCOME:	\$1,408	\$1,836	\$2,010	\$2,886
PANEL E: HOUSING, CHILD CARE ASSISTANCE, SNAP/WIC, ALL KIDS CHIP				
MONTHLY COSTS:				
Housing	\$422	\$551	\$603	\$866
Child Care	\$95	\$234	\$234	\$451
Food	\$124	\$216	\$515	\$558
Transportation	\$86	\$86	\$86	\$86
Health Care	\$167	\$167	\$167	\$192
Miscellaneous	\$344	\$344	\$344	\$344
Taxes	\$188	\$256	\$292	\$487
Tax Credits (-)	**	(\$23)	(\$40)	(\$142)
TOTAL MONTHLY EXPENSES	\$1,427	\$1,831	\$2,201	\$2,842
SHORTFALL (-) OR SURPLUS	(\$19)	\$5	(\$191)	\$44
WAGE ADEQUACY Total Income/Total Expenses	99%	100%	91%	102%
Total Federal EITC (annual refundable)**	\$4,928	\$3,847	\$3,407	\$1,192
Total State EITC (annual refundable)**	\$246	\$192	\$170	\$60
Total Federal CTC (annual refundable)**	\$2,000	\$2,000	\$2,000	\$1,797
Total Making Work Pay TC (annual refundable)**	\$400	\$400	\$400	\$400

* U.S. Department of Labor, Bureau of Labor Statistics. May 2008 metropolitan area occupational employment and wage estimates: Chicago-Naperville-Joliet, IL Metropolitan Division. Retrieved May 1, 2009, from <http://www.bls.gov/oes/>

** EITC is not received as a credit against taxes, so it is not shown as a monthly tax credit; likewise, only the nonrefundable portion of the Child Tax Credit and the Making Work Pay Tax Credit (which are credited against federal taxes) are shown, if any (see text for explanation).

About the Author

Diana M. Pearce, PhD teaches at the School of Social Work, University of Washington in Seattle, Washington, and is Director of the Center for Women's Welfare. Recognized for coining the phrase "the feminization of poverty," Dr. Pearce founded and directed the Women and Poverty Project at Wider Opportunities for Women (WOW). She has written and spoken widely on women's poverty and economic inequality, including testimony before Congress and the President's Working Group on Welfare Reform. While at WOW, Dr. Pearce conceived and developed the methodology for the Self-Sufficiency Standard and first published results in 1996 for Iowa and California. Her areas of expertise include low-wage and part-time employment, unemployment insurance, homelessness, and welfare reform as they impact women. Dr. Pearce has helped found and lead several coalitions, including the Women, Work and Welfare Coalition and the Women and Job Training Coalition. She received her PhD degree in Sociology and Social Work from the University of Michigan.

THE FAMILY ECONOMIC SELF-SUFFICIENCY PROJECT (FESS)

The Self-Sufficiency Standard was developed by Dr. Diana Pearce while she was the Director of the Women and Poverty Project at Wider Opportunities for Women (WOW). WOW established the national Family Economic Self-Sufficiency (FESS) Project in 1996. In partnership with the Ms. Foundation for Women, the Corporation for Enterprise Development, and the National Economic Development and Law Center, WOW designed the FESS Project to put tools and resources in the hands of state-level policymakers, business leaders, advocates, and service providers to help move low-income, working families forward on the path to economic self-sufficiency. Through a partnership between WOW and the Center for Women's Welfare at the University of Washington, the Self-Sufficiency Standard has now been calculated in 37 states, New York City, and the District of Columbia. Over 2,500 community- and state-based organizations and agencies, representing a broad range of sectors, are connected through the FESS Project network. In twelve years, the FESS Project has revolutionized the way policies and programs for low-income workers are structured and what it means to be in need in the United States. For more information about the FESS Project, visit the website: www.wowonline.org/ourprograms/fess

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The Center for Women's Welfare at the University of Washington School of Social Work is devoted to furthering the goal of economic justice for women and their families. The main work of the Center focuses on the development of the Self-Sufficiency Standard. Under the direction of Dr. Diana Pearce, the Center partners with a range of government, non-profit, women's, children's, and community-based groups to research and evaluate public policy related to income adequacy; to create tools to assess and establish income adequacy, and to develop programs and policies that strengthen public investment in low-income women, children, and families.
